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LISTING STATEMENT NO. 2586

LISTED DECEMBER 11, 1972

7,000,000 Common Shares without par value.

1,200,000 6% Exchangeable Shares without par value.

	Stock Symbol	Post Section
Common	CKS	3.3
6% Exchangeable	CKS ■ A	3.3

## THE TORONTO STOCK EXCHANGE

### LISTING STATEMENT

# COSEKA RESOURCES LIMITED

An Amalgamated Company under the British Columbia Companies Act,  
August 20, 1971, and June 15, 1972

#### 1. Address of the Company's Head Office and any other offices.

1055 West Hastings Street, Vancouver 1, British Columbia

Registered Office: 801-900 West Hastings Street, Vancouver 1, British Columbia

Calgary Office: 602-One Calgary Place, Calgary, Alberta T2P 0L4

#### 2. Officers of the Company:

Office Held	Name	Address	Occupation
Chairman of the Board	John S. Davidson	4727 Drummond Vancouver, British Columbia	Insurance Executive
President	Peter R. Kutney	1602-2055 Pendrell Vancouver, British Columbia	Petroleum and Natural Gas Consultant
Vice-President	J. Royden Morris	1001-1985 Bellevue West Vancouver, British Columbia	Executive
Vice-President	Robert A. Boulware	630-330-5th Avenue S.W. Calgary, Alberta	Petroleum Geophysicist
Secretary	Lauch F. Farris	1649 Laurier Vancouver, British Columbia	Corporate Secretary
Assistant Secretary	Olga Zaholuk	103-145 East 20th North Vancouver, British Columbia	Executive Secretary

#### 3. Directors of the Company:

Name	Address	Occupation
John S. Davidson	4727 Drummond Drive Vancouver, British Columbia	Insurance Executive
William H. McLallen	110-2075 Nelson Street Vancouver, British Columbia	Lumber Executive
Roland E. Legg	6642 Adera Street Vancouver, British Columbia	Consulting Engineer
Paul Bell	830-10th Avenue West Calgary, Alberta	Executive
Charles E. Michener	4302-401 Bay Street Toronto, Ontario	Consulting Geologist
David A. Sloan	607-744 West Hastings Street Vancouver, British Columbia	Mining Consultant
Robert Boulware	630-330-5th Avenue S.W. Calgary, Alberta	Petroleum Geophysicist
J. Royden Morris	1001-1985 Bellevue West Vancouver, British Columbia	Executive
Roy E. Ricks	651 Davis Street, Melrose Park Chicago, Illinois	Airline Captain
Peter R. Kutney	1601-2055 Pendrell Vancouver, British Columbia	Petroleum and Natural Gas Consultant

4. Names and addresses of all transfer agents:

Guaranty Trust Company of Canada, 540 Burrard Street, Vancouver 1, British Columbia, and 88 University Avenue, Toronto, Ontario.

5. Particulars of any fee charged upon transfer other than customary government taxes:

A fee of 50¢ per share certificate is charged upon transfers of shares.

6. Names and addresses of all registrars:

Guaranty Trust Company of Canada, 540 Burrard Street, Vancouver 1, British Columbia.

7. Amount of authorized capital: 7,000 common shares without nominal or par value and 1,200,000 6% exchangeable shares without nominal or par value.

8. Number of shares and par value: 7,000,000 common shares without nominal or par value and 1,200,000 6% exchangeable shares without nominal or par value.

9. Full details of all shares issued in payment for properties or for any other assets other than cash:

Coseka Resources Limited (the "Company") is an amalgamated company under the laws of the Province of British Columbia. On August 20, 1971, Coin Canyon Mines Ltd. and Niseka Mining Ltd. amalgamated under the name Coseka Resources Limited. On June 15, 1972, the Company amalgamated with The Cariboo Gold Quartz Mining Company Limited (N.P.L.) under the continuing name of Coseka Resources Limited.

Prior to the Company's amalgamation on August 20, 1971, one of its amalgamating companies, Coin Canyon Mines Ltd., had issued 703,555 shares for mineral claims, 438,314 shares for investments and 1,503,002 shares for \$659,201 cash, making a total issue of 2,644,871 shares. These shares represent 1,322,435 of the present common shares of the Company.

Prior to said amalgamation, one of the amalgamating companies, Niseka Mining Ltd., had issued 1,650,000 shares for \$165,000. These shares represent 1,678,042 of the present common shares of the Company.

Prior to the Company's amalgamation with The Cariboo Gold Quartz Mining Company Limited (N.P.L.) on June 15, 1972, Cariboo had issued a total of 2,760,809 shares for a total net consideration of \$2,433,862. These shares represent 1,533,780 of the present common shares of the Company.

The following are full details of all shares issued in payment for properties or for any other assets other than cash and other than the 1,533,783 shares issued to the Cariboo shareholders on the amalgamation of June 15, 1972, since the amalgamation of August 20, 1971.

<u>Date</u>	<u>Number of Shares</u>	<u>Brief Description of the Properties or other Assets and the Aggregate Consideration therefor, Expressed in Cash, Shares, etc.</u>
February 24, 1972	178,571 common	12 coal leases in Alberta and a 65% interest in 28 mineral claims in the Northwest Territories for 178,571 common shares, valued at \$250,000

The exchangeable shares of the Company contain special rights and restrictions as more fully described in Item 41, and one of these rights is the right to exchange 1 exchangeable share for 1 common share at any time prior to date of redemption. As at November 7, 1972, 227,072 common shares have been issued in exchange for 227,072 exchangeable shares.

10. Full details of all shares sold for cash:

<u>Date</u>	<u>Number of Shares</u>	<u>Price per Share</u>	<u>Amount Realized by Company</u>
March/April 1972	1,027,692 exchangeable shares	\$1.50	\$1,541,538

For particulars of shares sold for cash by the Companies which amalgamated to form Coseka Resources Limited see Item 9 above.

11. Total number of shares issued: 4,939,895 common shares; 800,620 exchangeable shares.

12. Number of shares now in treasury or otherwise unissued: 2,060,105 common; 399,380 exchangeable.

13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes: None.

14. Date of last annual meeting: December 29, 1971.

15. Date of last report to shareholders: September 15, 1972.

16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this is to be stated.	On September 12, 1972, the Company granted to two of its employees, Lauch F. Farris, its Corporate Secretary, of 1649 Laurier, Vancouver, British Columbia, and Olga Zaholuk, Assistant Secretary and Secretary to the President, of 103-145 East 20th, North Vancouver, British Columbia, options to purchase common shares of the Company. Mr. Farris has an option to purchase 2,000 shares in the year ending September 12, 1973, and in each subsequent year until September 12, 1977, at an exercise price of \$2.29 per share. Mrs. Zaholuk's option is on 1,000 shares per year on identical terms.																								
17. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed.	None, other than as set forth in Item 16.																								
18. Details of any payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	<p>The Company has paid a \$1,500 finder's fee to the Airth Grubstake Syndicate in connection with the acquisition of its property in the Medicine Hat area referred to in Item 27.</p> <p>The Company's controlled subsidiary, Safari Oil &amp; Gas Ltd., paid a \$10,209 finder's fee to Suffolk Oil &amp; Gas Company in connection with its acquisition of a participating interest in the Deep Valley oil and gas drilling project.</p>																								
19. Details of any shares pooled, deposited in escrow, non-transferable or held under any voting trust agreement, syndicate agreement or control.	<p>(a) 656,990 common shares of the Company, being part of those issued pursuant to the amalgamation of Coin Canyon Mines Ltd. and Niseka Mining Ltd., were pursuant to earlier arrangement, placed in the possession of Farris and Company, Barristers and Solicitors, to be deposited with Yorkshire Trust Company, Vancouver, British Columbia. These shares will be released in two equal installments to be made February 18, 1973, and August 18, 1973, respectively.</p> <p>(b) Pursuant to an agreement with Excalibur Exploration Ltd. dated January 14, 1972, 114,285 common shares of the Company owned by Excalibur being part of those issued to acquire the Ram River Property and an interest in the Snow Clam Group described under Item 27, are pooled with Guaranty Trust Company of Canada, Vancouver, British Columbia. These shares will be released in three installments to be made February 24, 1973, August 24, 1973, and February 24, 1974, respectively.</p>																								
20. Names and addresses of owners of more than a 5% interest in pooled or escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	<table><tr><th>Name</th><th>Address</th><th>Shareholdings</th></tr><tr><td>John S. Davidson</td><td>4727 Drummond Drive Vancouver, British Columbia</td><td>229,846</td></tr><tr><td>Excalibur Exploration Ltd.</td><td>830-10th Avenue S.W. Calgary, Alberta</td><td>195,645</td></tr><tr><td>Roland E. Legg</td><td>6642 Adera Street Vancouver, British Columbia</td><td>69,160</td></tr><tr><td>Pattison Securities Ltd.</td><td>290 One Bentall Centre Vancouver, British Columbia</td><td>40,680</td></tr><tr><td>Victor V. Spencer</td><td>303-1200 West Pender Street Vancouver, British Columbia</td><td>81,360</td></tr><tr><td>Harold L. Straight</td><td>1112 Lonsdale Avenue North Vancouver British Columbia</td><td>40,680</td></tr><tr><td>Charles H. Wills</td><td>700 West Georgia Street Vancouver, British Columbia</td><td>40,680</td></tr></table>	Name	Address	Shareholdings	John S. Davidson	4727 Drummond Drive Vancouver, British Columbia	229,846	Excalibur Exploration Ltd.	830-10th Avenue S.W. Calgary, Alberta	195,645	Roland E. Legg	6642 Adera Street Vancouver, British Columbia	69,160	Pattison Securities Ltd.	290 One Bentall Centre Vancouver, British Columbia	40,680	Victor V. Spencer	303-1200 West Pender Street Vancouver, British Columbia	81,360	Harold L. Straight	1112 Lonsdale Avenue North Vancouver British Columbia	40,680	Charles H. Wills	700 West Georgia Street Vancouver, British Columbia	40,680
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21. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>The names, addresses and shareholdings of the five largest registered shareholders of each class of shares as at November 7, 1972, are as follows:</p> <p><u>COMMON SHARES</u></p> <table><tr><th>Name</th><th>Address</th><th>Shareholdings</th></tr><tr><td>John S. Davidson</td><td>4747 Drummond Drive Vancouver, British Columbia</td><td>488,615*</td></tr><tr><td>Excalibur Exploration Ltd.</td><td>830-10th Avenue S.W. Calgary, Alberta</td><td>304,040*</td></tr><tr><td>Doherty, McCuaig Ltd.</td><td>Simpson Tower Bay Street, Toronto, Ontario</td><td>294,455(1)</td></tr><tr><td>Wolverton &amp; Co. Ltd.</td><td>534 Burrard Street Vancouver, British Columbia</td><td>471,949(1)</td></tr><tr><td>Arthur Holding</td><td>R.R. #1 Chase, British Columbia</td><td>159,300</td></tr></table>	Name	Address	Shareholdings	John S. Davidson	4747 Drummond Drive Vancouver, British Columbia	488,615*	Excalibur Exploration Ltd.	830-10th Avenue S.W. Calgary, Alberta	304,040*	Doherty, McCuaig Ltd.	Simpson Tower Bay Street, Toronto, Ontario	294,455(1)	Wolverton & Co. Ltd.	534 Burrard Street Vancouver, British Columbia	471,949(1)	Arthur Holding	R.R. #1 Chase, British Columbia	159,300						
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## 21.—Continued

(1) The Company does not know who the beneficial owners are of the shares registered in the names of Doherty, McCuaig Ltd. and Wolverton & Company Ltd.

\* 229,845 common shares of John S. Davidson are pooled as referred to in Item 19(a) and 114,285 common shares of Excalibur Explorations Ltd. are pooled as referred to in Item 19(b) (as well as an additional 81,360 shares pooled as referred to in 19(a)).

EXCHANGEABLE SHARES

<u>Name</u>	<u>Address</u>	<u>Shareholdings</u>
John S. Davidson	4727 Drummond Drive Vancouver, British Columbia	73,204
Doherty, McCuaig Ltd.	Simpson Tower Bay Street, Toronto, Ontario	83,716(1)
Cochran Murray Limited	1090 West Pender Street Vancouver, British Columbia	28,333(1)
Excalibur Exploration Ltd.	830-10th Avenue S.W. Calgary, Alberta	118,013
Arthur Holding	R.R. #1 Chase, British Columbia	44,000

(1) The Company does not know who the beneficial owners are of the shares registered in the names of Doherty, McCuaig Ltd. and Cochran Murray Limited.

22. Names and addresses of persons whose shareholdings are large enough to materially affect control of the Company.

None.

23. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.

1. The Securities Commissions of British Columbia, Ontario and Alberta approved a public offering of 400,000 shares, plus options on 300,000 shares contained in a prospectus dated July 4, 1968, as amended on October 7, 1968, and November 2, 1968, of Coin Canyon Mines Ltd. (N.P.L.), one of the companies which amalgamated to form the Company.
2. The Securities Commission or equivalent government body or official of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick and the Yukon Territory accepted registration of material approving the offering to shareholders of the Company in the period March 24, 1972, to April 24, 1972, of 1,059,682 exchangeable shares of the Company on the basis of one exchangeable share being offered at a price of \$1.50 for every three common shares held.

24. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled, suspended or revoked? If so, give particulars.

No.

25. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.

The Company has a demand loan with the Royal Bank of Canada, 1205 West Pender Street, Vancouver, British Columbia, for \$924,010 bearing interest at the prime rate from time to time.

26. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.

<u>Name of Company</u>	<u>Number of Shares</u>	<u>Cost or Book Value</u>	<u>Market Value</u>
Ultrabasic Minerals Ltd. (N.P.L.)	127,500	\$75,770	No market
Ionarc Smelters Ltd.	39,500	65,651	\$65,175
Silgold Mines Inc.	25,000	25,000	No market
Safari Oil & Gas Limited	16,000	1,600	No market
Henrietta Mines Limited	15,000	4,500	\$ 2,400
Sheppard Enterprises Ltd.	5,000	5,000	No market
Noordzee Exploratorie Maatschappij N. V.	10%	3,190	No market

26.—Continued	<p>Silgold Mines Inc. is a wholly-owned subsidiary and Safari Oil &amp; Gas Limited is a controlled subsidiary of the Company. Three other inactive subsidiaries of the Company, the Wells Townsite Company Limited, Gold Quartz Hospital Limited, and French Mines Ltd. (N.P.L.) are carried on the books of the Company at a nominal value. The Company also has a 20% interest (200,000 shares) in the Mosquito Creek Gold Mining Co. Ltd. (N.P.L.) acquired for 10 Crown-granted mineral claims recorded at a nominal value of \$1.00.</p>
<p>27. Enumerate fully each of the following property classifications, giving claim or property numbers, approximate acreage, townships and mining camp or oil field:</p> <p>(a) Properties owned where titles vested in Company.</p> <p>(b) Properties leased.</p> <p>(c) Properties otherwise held.</p>	<p>See Appendix, Page 11.</p> <p>See Appendix, Page 11.</p> <p>See Appendix, Page 11.</p>
28. Particulars of any royalties or other charges payable upon production from each individual property.	<p>With respect to interests which Coseka derives from Crown leases, standard Crown royalties apply. In addition, there are gross overriding royalties reserved to others as indicated in Item 27.</p>
29. Names and addresses of vendors of any property or other assets intended to be purchased by the Company showing the consideration to be paid.	<p>None.</p>
30. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	<p>None.</p>
31. Are any lawsuits pending or in process against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so, explain fully.	<p>None.</p>
32. Describe plant and equipment on property or properties.	<p><u>A. PETROLEUM AND NATURAL GAS PROPERTIES</u></p> <p><u>Strachan</u> The gas processing plant at Strachan referred to in Item 33, in which Coseka has an interest through Pan Ocean Oil Ltd., is operated by Gulf Oil Canada Ltd. The plant, which processes sour gas, was constructed at a cost of \$20,000,000, and has a daily production capacity of 200,000,000 cubic feet of sales gas, 800 long tons of sulphur, and 7,000 barrels of condensate.</p> <p><u>North Coleman</u> The only equipment presently on this property consists of wellhead equipment and casing at the recently-completed well site.</p> <p><u>Holden</u> There is wellhead equipment and casing at all six wells on this property.</p> <p><u>Hatton</u> There is wellhead equipment and casing at all six wells on this property.</p>

32.—Continued

*South Ricinus*

There is wellhead equipment and casing at the recently-completed well on this property.

B. MINERAL PROPERTIES

*Wells-Barkerville Property*

Plant and equipment on this property consists of a power plant, a partially dismantled 400-ton cyanide mill, assay office, refinery, and six concrete apartments.

33. Describe all development accomplished and planned.

DEVELOPMENT ACCOMPLISHED AND PLANNED

A. Petroleum and Natural Gas Properties

(a) *North Coleman Property*

Coseka is the manager of the North Coleman Property in which it has a 31.56% interest.

The earning well was drilled to a total depth of 1,986 feet after penetrating 356 feet of gross Devonian section.

The well was left completed as a capped Devonian gas well.

A program under Coseka's direction has commenced to perforate the indicated 193 feet of net gas pay in the Mississippian zone and production test the well as a combined Mississippian-Devonian producer.

As manager of this property, Coseka will continue with the recompletion of the discovery well and carry out a seismic survey to assist in locating the next drill site.

(b) *Strachan Property*

Coseka owns 1.64% interest in the Strachan D-3 Gas Unit (including a Gas Processing Plant) which is now on stream and producing 250,000 Mcf/d of raw gas (200,000 Mcf/d gas sales), 7,000 barrels per day of condensate, and 800 tons per day of sulphur. At 15.75¢ per Mcf of gas, Coseka's share of the resultant cash flow is presently \$225,000 per annum.

There are 4 producing wells and 1 water disposal well.

It was recently decided to increase the Strachan processing plant capacity by 10% and at the same time facilities will be added to improve recovery of L.P.G.s.

(c) *Tilley-Bantry Area*

Coseka owns 10% interest in the 158.75 sections Tilley Milk River gas unit where a total of approximately 67 shallow wells have been drilled to date.

Additional wells will be drilled on this property over the next twelve months.

(d) *Medicine Hat Area*

Coseka owns 100% interest in two parcels of land in the general Medicine Hat area of Alberta and proposes to immediately drill four Milk River gas wells on each property. Following commitment to gas sale approximately 30 wells will be drilled on each parcel.

(e) *Holden*

Coseka has a 12.5% interest in this gas prospect which was originally acquired by the Cariboo Gold Quartz Mining Company Limited. To date, six gas wells have been drilled to the Viking Sand Formation and the sale of the encountered gas has been deferred pending better gas prices.

(f) *South Ricinus*

Coseka has earned a 20% participating interest in a well site spacing unit (subject to a 15% override). The earning well was drilled to 14,600 feet and encountered a gas bearing D-3 reef reservoir. The well is completed as a D-3 gas well with an absolute open flow potential of 460,000 Mcf per day. A development well is planned to be spudded prior to the end of 1972.

The approximate amount of monies which Coseka has spent from August 20, 1971, to date for development work on this property is \$356,251.95.

(g) *Other*

The Company and its 80%-owned subsidiary, Safari Oil & Gas Ltd., have also participated in seismic work and well drilling on a number of other gas and oil properties in which one or the other has an interest. It is also actively exploring development of other properties on a farmout basis.

B. Mineral Properties

(a) *Landusky Gold Silver Property*

Coseka has been actively carrying out development work on this property for several years. During 1971, a program was carried out to extend the known fracture zones which in turn made it possible to increase the inferred ore potential. Screening tests and metallurgical work were also carried out to show that the value of the ore could be upgraded and that a relatively high recovery of the metals can be achieved. In 1972, additional stripping and sampling took place which was followed by a survey of the area which separates the August and old Bug Mines.

Coseka's management is actively exploring the development of this property on a farmout basis.

(i) *Snow Claim Group*

A geochemical soil sampling program was completed on the property in 1971 which located lead-zinc anomolous areas of geological interest.

(j) *Run Property*

Phelps Dodge Corporation of Canada have carried out extensive sampling and mapping, diamond drilling, geochemical and geological surveys, etc., during 1972 at a cost of over \$100,000.00, in this property in which Coseka has a 21.25% non-assessable interest.

(k) *Mosquito Creek Property*

Coseka has a 19% net interest in this prospect where surface trenching and overburden stripping was conducted to trace the two high-grade sulphide replacement ore bodies encountered the previous exploration season.

C. Other

(1) Consideration is being given to programs or development on other properties in which Coseka has an interest. Safari Oil & Gas Limited, an Alberta corporation, in which Coseka has an 80% interest, will also be pursuing programs on properties pursuant to its agreement effective February 1, 1972, with Bass Explorations Inc. of Fort Worth, Texas, which has agreed to advance to Safari up to \$1,000,000 per year for three years for petroleum and natural gas exploration. Under the terms of this agreement, the initial well will be drilled on each prospect at no cost to Safari. If such a well is successful, Safari will receive a gross override royalty of 5% until costs have been recovered and a 25% working interest thereafter. Safari also has the option to participate in the development of any discovery on a 25% working interest basis.

34. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.

Report on the Medicine Hat Property as of July 1, 1972, dated July 10, 1972, prepared by Bela Balaz, P.Eng., of James A. Lewis Engineering Co. Ltd. Report on the Coleman property of July 6, 1972, prepared by C. T. Pogson, P.Eng., in Coseka's name, being an application to the Energy Resources Conservation Board. Report on the Hatton Property as of September 1, 1972, prepared by Mattheis Engineering Ltd. for Camac Explorations Ltd.

35. Full particulars of production to date.

## COSEKA'S NET PRODUCTION

Strachan D-3 Gas Unit

	Gas Sales Mcf.	Pentanes Sales Bbls.	Sulphur Production Long Tons
January 1 to December 31/71*	1,125,000	31,781	3,785
January 1 to August 31/72	748,722	26,179	3,066

\*Production commenced approximately the middle of February.

36. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.

The Company has not paid any dividends. One of its predecessor companies, the Cariboo Gold Quartz Mining Company Limited (N.P.L.), paid dividends from 1935 to 1943. The cumulative total of dividends was \$1.26 per share of Cariboo.

37. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange

Lawrence & Shaw  
Barristers and Solicitors  
8th Floor  
900 West Hastings Street  
Vancouver 1, British Columbia

38. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.

(a) The common shares of the Company have been listed on the Vancouver Stock Exchange since its amalgamation in 1971 and the exchangeable shares of the Company have been listed on the Vancouver Stock Exchange since May 16, 1972. The shares of two of the companies which amalgamated, Coin Canyon Mines Ltd. and the Cariboo Gold Quartz Mining Company Limited (N.P.L.), were listed on the Vancouver Stock Exchange under their respective names until their respective amalgamations. In addition, Cariboo was listed on The Toronto Stock Exchange until 1967 when it voluntarily requested a delisting.

<p>(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.</p> <p>(c) Has any application for listing of any shares of the Company ever been refused or deferred by any stock exchange? If so, give particulars.</p>	<p>(b) No.</p> <p>(c) No.</p>																										
<p>39. Particulars of the principal business in which each officer and director has been engaged during the past five years, giving the length of time, position held, and name of employing company or firm.</p>	<table> <tr> <th data-bbox="516 510 683 577">Name and Position in Coseka Resources Ltd.</th><th data-bbox="713 548 1096 577">Principal Business in the Past Five Years</th></tr> <tr> <td data-bbox="516 583 683 650">John S. Davidson Chairman of the Board and Director</td><td data-bbox="713 583 1192 612">Insurance Executive with Reed, Shaw, Osler Limited.</td></tr> <tr> <td data-bbox="516 650 683 716">Peter R. Kutney President and Director</td><td data-bbox="713 650 1192 738">President of Coseka Resources Limited since June, 1972, and consultant to Coseka from February, 1972; prior thereto Vice-President of Westcoast Transmission Company Limited.</td></tr> <tr> <td data-bbox="516 738 683 805">J. Royden Morris Vice-President and Director</td><td data-bbox="713 738 1192 805">Executive with Coseka and one of its predecessor companies, the Cariboo Gold Quartz Mining Company Limited (N.P.L.)</td></tr> <tr> <td data-bbox="516 805 683 871">Robert A. Boulware Vice-President and Director</td><td data-bbox="713 805 1192 893">Petroleum Geophysicist with Universal Growth Enterprises Ltd. since September, 1969; from 1967 to 1969 with Teledyne Exploration Ltd.; prior thereto with National Geophysical Company of Canada, Ltd.</td></tr> <tr> <td data-bbox="516 893 683 960">Lauch F. Farris Secretary</td><td data-bbox="713 893 1192 982">Corporate Secretary of Ionarc Smelters Ltd. from February, 1967, to date; Corporate Secretary of Coseka Resources Limited and one of its predecessor companies, Coin Canyon Mines Ltd., from August, 1968, to date.</td></tr> <tr> <td data-bbox="516 982 683 1026">William H. McLallen Director</td><td data-bbox="713 982 1192 1010">Lumber Executive with Capilano Timber Co. Ltd.</td></tr> <tr> <td data-bbox="516 1026 683 1092">Roland E. Legg Director</td><td data-bbox="713 1026 1192 1114">Consulting Engineer; from August, 1971, to December, 1971, Vice-President of Coseka Resources Limited; October, 1968, to July, 1971, President of Niseka Mining Ltd.; prior thereto, Consulting Engineer.</td></tr> <tr> <td data-bbox="516 1114 683 1159">Paul Ray Bell Director</td><td data-bbox="713 1114 1192 1159">President of Excalibur Exploration Ltd. since September, 1968; prior thereto, a student.</td></tr> <tr> <td data-bbox="516 1159 683 1225">Charles E. Michener Director</td><td data-bbox="713 1159 1192 1247">Consulting Geologist, Derry Michener &amp; Booth. In 1968 and prior thereto, Assistant to Vice-President, Exploration of International Nickel Company of Canada.</td></tr> <tr> <td data-bbox="516 1247 683 1291">Roy E. Ricks Director</td><td data-bbox="713 1247 1192 1276">Airline Captain, American Airlines Inc.</td></tr> <tr> <td data-bbox="516 1291 683 1336">David A. Sloan Director</td><td data-bbox="713 1291 1192 1320">Consulting Engineer, Self-employed.</td></tr> <tr> <td data-bbox="516 1336 683 1402">Olga Zaholuk Assistant Secretary</td><td data-bbox="713 1336 1192 1424">Executive Secretary to the President of the Company from April 24, 1972, to date; prior thereto, executive secretary to the Vice-President of Westcoast Transmission Company Limited.</td></tr> </table>	Name and Position in Coseka Resources Ltd.	Principal Business in the Past Five Years	John S. Davidson Chairman of the Board and Director	Insurance Executive with Reed, Shaw, Osler Limited.	Peter R. Kutney President and Director	President of Coseka Resources Limited since June, 1972, and consultant to Coseka from February, 1972; prior thereto Vice-President of Westcoast Transmission Company Limited.	J. Royden Morris Vice-President and Director	Executive with Coseka and one of its predecessor companies, the Cariboo Gold Quartz Mining Company Limited (N.P.L.)	Robert A. Boulware Vice-President and Director	Petroleum Geophysicist with Universal Growth Enterprises Ltd. since September, 1969; from 1967 to 1969 with Teledyne Exploration Ltd.; prior thereto with National Geophysical Company of Canada, Ltd.	Lauch F. Farris Secretary	Corporate Secretary of Ionarc Smelters Ltd. from February, 1967, to date; Corporate Secretary of Coseka Resources Limited and one of its predecessor companies, Coin Canyon Mines Ltd., from August, 1968, to date.	William H. McLallen Director	Lumber Executive with Capilano Timber Co. Ltd.	Roland E. Legg Director	Consulting Engineer; from August, 1971, to December, 1971, Vice-President of Coseka Resources Limited; October, 1968, to July, 1971, President of Niseka Mining Ltd.; prior thereto, Consulting Engineer.	Paul Ray Bell Director	President of Excalibur Exploration Ltd. since September, 1968; prior thereto, a student.	Charles E. Michener Director	Consulting Geologist, Derry Michener & Booth. In 1968 and prior thereto, Assistant to Vice-President, Exploration of International Nickel Company of Canada.	Roy E. Ricks Director	Airline Captain, American Airlines Inc.	David A. Sloan Director	Consulting Engineer, Self-employed.	Olga Zaholuk Assistant Secretary	Executive Secretary to the President of the Company from April 24, 1972, to date; prior thereto, executive secretary to the Vice-President of Westcoast Transmission Company Limited.
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David A. Sloan Director	Consulting Engineer, Self-employed.																										
Olga Zaholuk Assistant Secretary	Executive Secretary to the President of the Company from April 24, 1972, to date; prior thereto, executive secretary to the Vice-President of Westcoast Transmission Company Limited.																										
<p>40. The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing.</p>	<p>There are no material contracts other than those disclosed in the foregoing, and other than contracts entered into in the ordinary course of business, except for the employment contracts dated the 30th day of June, 1972, between the Company and one of its Vice-Presidents, J. Royden Morris, in which Mr. Morris agreed to serve as an executive officer of the Company for at least five years at a salary of \$17,000 per year, and dated July 1, 1972, between the Company and its President, P. R. Kutney, in which Mr. Kutney agreed to serve for a five-year term at a salary of \$30,000 per year, and except for an agreement dated April 13, 1972, with Safari Oil &amp; Gas Ltd. (80% owned by the Company) in which Coseka agreed to provide operating overhead and operating expenses incurred on behalf of Safari.</p>																										
<p>41. Any other material facts not disclosed in the foregoing.</p>	<p>There are special rights and restrictions attached to the exchangeable shares of the Company as set forth in its Articles of Association. Brief particulars of these special rights and restrictions are a 6% non-cumulative preferential dividend, priority of return of capital, to be redeemed on March 15, 1977, subject to prior redemption or purchase for cancellation by the Company, non-voting, and each exchangeable share may be exchanged for one common share. The British Columbia Companies Act re-</p>																										

41.—Continued

quires that the exchangeable shares be redeemed only out of the proceeds of a fresh issue of shares or debentures made for the purpose, or out of monies of the Company otherwise available for payment of dividends in cash. In the case of shares with a fixed redemption date such as the Company's exchangeable shares, the British Columbia Companies Act provides that no dividend other than a dividend on such shares shall be paid in any year unless there has been first transferred in each year out of profits to a reserve fund a sum equal to the total amount required to redeem such shares divided by the number of years at the expiration of which the shares must be redeemed, and if in any year the profits are not sufficient for the transfer of such sum, the deficiency must be made good out of any profits remaining after the transfer of such sum in each succeeding year or years.

The Company has applied for a line of credit of \$2,000,000 with its bankers on the security of its interest in the Strachan and Tilley Bantry properties.

42. STATEMENT SHOWING DISTRIBUTION OF ISSUED CAPITAL

AS OF NOVEMBER 7, 1972

FREE STOCK	Common Shares	Exchangeable Shares
(a) Distributed and in the hands of the public (exclusive of the promoters, officers and directors of the Company and their agents or trustees)	2,949,225	555,844
(b) Distributed and in the hands of the promoters, officers and directors of the Company and their agents or trustees	1,219,395	244,776
Total free stock	4,168,620	800,620

ESCROWED OR POOLED STOCK

(c) Held in escrow or pool as set out in Item 19 of this application	771,275	
Total issued capital	4,939,895	800,620

RECORD OF SHAREHOLDERS

	Common Shares	Exchangeable Shares
Number of registered shareholders holding shares in class (a) above	2,221	224
Number of registered shareholders holding shares in class (b) above	11	7
Number of registered shareholders holding shares in class (c) above	12	0

43. STATEMENT SHOWING NUMBER OF COMMON SHAREHOLDERS

AS OF NOVEMBER 7, 1972

Number	Shares
864 ..... Holders of 1 — 99 shares .....	45,811
488 ..... " " 100 — 499 " .....	104,205
365 ..... " " 500 — 999 " .....	222,843
236 ..... " " 1000 — 1999 " .....	287,677
87 ..... " " 2000 — 2999 " .....	206,006
32 ..... " " 3000 — 3999 " .....	104,248
33 ..... " " 4000 — 4999 " .....	146,300
127 ..... " " 5000 — up " .....	3,822,805
<u>2,232</u> Stockholders	<u>4,939,895</u>
	Total Common Shares

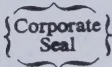
43A.

STATEMENT SHOWING NUMBER OF EXCHANGEABLE SHAREHOLDERS  
AS OF NOVEMBER 7, 1972

Number					Exchangeable Shares
38	.....	Holders of	1 —	99 shares	..... 2,061
78	.....	" "	100 —	499 "	..... 18,411
32	.....	" "	500 —	999 "	..... 21,277
30	.....	" "	1000 —	1999 "	..... 42,065
12	.....	" "	2000 —	2999 "	..... 25,843
3	.....	" "	3000 —	3999 "	..... 9,372
4	.....	" "	4000 —	4999 "	..... 16,785
34	.....	" "	5000 —	up "	..... 664,806
231	=====	Stockholders		Total Exchangeable Shares	===== 800,620

Dated at Vancouver, British Columbia, the 14th day of November, 1972.

COSEKA RESOURCES LIMITED



"P. R. KUTNEY",  
President

"J. R. MORRIS",  
Vice-President

APPENDIX (Item 27)

a) Properties owned where title vested in the Company

<u>Property or Claim Group</u>	<u>Location</u>	<u>Type of Holding and Acreage</u>	<u>Coseka's Interest</u>	<u>Royalties</u>
Wells-Barkerville Property	Wells-Barkerville Area, Cariboo Mining Division, British Columbia	99 Crown granted mineral claims, approximately 5,000 acres	100%	
Ram River Coal	Ram River, Alberta, Foothills Belt	12 provincial Crown leases, approximately 11,800 acres	100%	
Snow Claim Group	Prairie Creek Area — Nahanni District, Northwest Territories	28 contiguous mineral claims, approximately 1,400 acres	65%	
Rigel	Twp 87, 88 Rge 18 W6M British Columbia	640	100%	Crown
Medicine Hat No. 1	Twp 15 Rge 1 W4M Alberta	7,360	100%	3% G.O.R.* + Crown
Medicine Hat No. 2	Twp 16 Rges 1 and 2 W4M Alberta	8,000	100%	Crown

(\* = gross overriding royalty)

b) and c) Properties leased and otherwise held

The Company has varying percentage interests in other petroleum and natural gas properties derived primarily through agreements with other parties that have sold or optioned an interest to the Company. Particulars of the properties in which the Company has interests are as follows:

<u>Petroleum and Natural Gas Properties</u>					
<u>Area or Property Name</u>	<u>Legal Description</u>	<u>Acreage</u>		<u>Ownership</u>	<u>Royalties ("G.O.R." — gross overriding royalty)</u>
		<u>Gross</u>	<u>Net</u>		
Strachan (D3 Unit)	Twp 36, 37, 38 Rge 8, 9, 10 W5M Alberta	6400	141	1.64%	Crown plus certain G.O.R.s
Tilley Bantry	Twp 16, 17, 18, 19 Rge 11, 12, 13, 14 W4M Alberta	101,600	10,160	10%	Crown and miscellaneous G.O.R.s
North Coleman	Twp 8, 9, 10 Rge 3, 4 W5M Alberta	23,680	7,473	31.56%	varies from 3%-5% (plus 1.6% to Imperial Oil after Crown Royalties)
Holden	Twp 49, 50 Rge 13, 14, 15 W4M Alberta	10,880	1,360	12.5%	Crown

## APPENDIX (Item 27)—Continued

Area or Property Name	Legal Description	Petroleum and Natural Gas Properties			Royalties ("G.O.R." — gross overriding royalty)
		Acreage		Ownership	
		Gross	Net		
Hatton	Twp 11, 12, 13, 14, 15 Rge 23, 25, 26, 27, 28, W3M Saskatchewan	29,440	8,832	30%	Crown and varying G.O.R. from 2.5% to 10%
South Ricinus	Twp 34 Rge 8 W5M Alberta	3,840	288	7.5%	a) 3% G.O.R. b) 15% G.O.R. until payout, convertible thereafter to 70% working interest c) 1.05% G.O.R., convertible within 180 days after well completed to 5% working interest All above subject to 20% Net Profits to Safari Oil & Gas
South Ricinus	Twp 34 Rge 8 W5M Alberta	1,920	320	16.667%	Crown
Misty Area	Twp 19 Rge 7 W5M Alberta	6,250	3,125	50%	Crown
Quaich	Twp 9, 10 Rge 3 W5M Alberta	6,844	6,744 (option)	Property under option to Company	5% Gross and Crown
Strachan (ex D3 Unit)	Twp 36, 37, 38 Rge 8, 9, 10 Alberta	45,840	473	1.03%	Crown plus certain G.O.R.s
Villeneuve	Twp 54 Rge 26 W4M Alberta	288	108	37.5%	Crown
Bindloss	Twp 21, 22, 23, 24 Rge 4, 5, 6 W4M Alberta	3,840	480	12.5%	Crown and 3% G.O.R.
Forget	Twp 8 Rge 7 W2M Saskatchewan	800	50	6%	5% G.O.R. + Crown
Steelman	Twp 4, 5 Rge 6, 7 W2M Alberta	1,280	80	6%	3% G.O.R. + Crown
Benjamin Creek	*Twp 28, 29 Rge 7, 8 W5M Alberta	23,043	881	7.5%	Crown and 2.9% net carried interest

APPENDIX (Item 27)—Continued

Petroleum and Natural Gas Properties					
Area or Property Name	Legal Description	Acreage		Ownership	Royalties ("G.O.R." — gross overriding royalty)
		Gross	Net		
Carbondale	*Hwp 5, 6, 7, 8 Rge 3, 4, 5 W5M Alberta	39,540	1,940	7.5%	Crown
East Parkland	*Twp 81, 82 Rge 12, 13, 14, 15 W6M British Columbia	39,041	829	8.5%	Crown
Capella	*Twp 111 Rge 5 W6M Alberta	14,080	610	7%	Crown
Venus	*Twp 97, 98, 99, 100, 101, 102 Rge 8, 9, 10, 11, 12 W6M Alberta	60,480	5,142	8.5%	Crown
Burnt Lakes	*Twp 91, 92, 94, 95, 96, 97 Rfie 17, 18, 19, 20, 21, 22, 23, 24, 25 W4M Alberta	179,520	15,259	8.5%	Crown and 1½% G.O.R. on 6 leases
Wood Buffalo	*Twp 112 113, 114, 115, 116, 117, 118, 119, 120, Rge 1, 2, 3, 4, 5, 6, 7, 8, 9 W5M Alberta	300,960	16,812	7.5%	Crown and 2½% G.O.R. on 113,120 acres
Gutah	*Between 57° 40' & 57° 50' N.S. 120° 15' & 120° 45' E.W. British Columbia	37,862	17,628	8.5%	Crown
Dahadinni	Between 60°0' & 60°40' N.S. 124°45' & 125°15' E.W. Northwest Territories	172,315	3,877	varies from 4.5%-7.5%	Crown

(\* = In the case of development operations, Coseka's interest is diluted by 15%. Said 15% accrues to the managing operator of the joint venture farmes.)

All of the above properties are situated in the Province of Alberta except for the Rigel, East Parkland and Gutah properties which are in British Columbia, the Forget and Hatton properties in Saskatchewan and the Dahadinni property in the Northwest Territories.

## APPENDIX (Item 27)—Continued

The Company holds 80% of the issued shares of Safari Oil & Gas Limited, an Alberta corporation. Safari has the following property interests, all in the Province of Alberta.

Equity Interests					
Area or Property Name	Legal Description	Acreage		Ownership	Royalties "G.O.R." — gross overriding royalty)
		Gross	Net		
Deev Valley	Twp 61, 62 Rge 26 W5M	7,040	490	5% overriding royalty in 1st wellsite spacing unit. 5% working interest in 7½ sections. 2½% working interest in 1½ sections. 10% working interest in 2 sections.	Crown and 1% G.O.R. on 5,760 acres to Suffolk Oil & Gas Ltd.
Sylvan Lake	Twp 37, 38 Rge 1, 2 W5M	2,560 + 1,120 acres drilling option	170	5% working interest in 3¾ sections. 10% working interest in ¼ section.	Crown and 1% on ¼ Section
South Ricinus	Twp 34 Rge 6 W5M	3,840	—	20% net profits interest of 20% working in one section (15) until payout; 20% net profits interest in 5% working interest thereafter. 20% net profits interest in 5% working interest on remaining acreage.	Crown and 15% overriding royalty on one section (15) until payout

Mineral Properties				
Property or Claim Group	Location	Number of Claims	Coseka's Interest	Royalties
Landusky Gold Silver Property	Little Rocky Mountain, Northeastern Montana	23 patented 6 unpatented, approximately 425 acres	Property under option to Coseka	
Run Property	Northwestern British Columbia, Liard Mining Division	68 mineral claims, approximately 4,400 acres	21.25% carried interest	2% net proceeds payable
Mosquito Creek Property	Wells-Barkerville Area, Cariboo Mining Division, British Columbia	29 contiguous Crown granted mineral claims, approximately 1,500 acres	*19% interest	
Middle Fork Property	North Bend North Cascades Region, State of Washington	15 patented, 228 unpatented, 15 fractions, approximately 5,000 acres	5%	
Ruttan Lake	Ruttan Lake Area — The Pas Mining District, Manitoba	20 claim blocks, approximately 18,600 acres	28½% (this can be reduced to 13½%)	
White Rocks	Lambly Lake, Vernon Mining Division	55 mining claims, approximately 2,850 acres	50%	

\* 20% share interest in Mosquito Creek Gold Mining Company Ltd. and 5% interest in the Mosquito Creek property (i.e., 30% interest in the property was farmed out to a group including Coseka. Therefore Coseka's net interest in this property is 19%. Coseka has an option to increase its interest in the property by 5% by contributing exploration and funds).

# FINANCIAL STATEMENTS

COSEKA RESOURCES LIMITED (Note 1)  
(Under the Companies Act, British Columbia)  
AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEET AS AT JULY 31, 1972

## ASSETS

### CURRENT ASSETS:

Term deposits ....	\$ 200,000	
Accounts receivable ....	170,052	
Marketable securities (Note 3) ....	109,182	
Loan receivable — 12% (Note 4) ....	24,500	
Deposits and prepaid expenses ....	15,900	\$ 519,634

OTHER INVESTMENTS (Note 5) .... 83,964

PETROLEUM AND NATURAL GAS PROPERTIES (Notes 6 and 14) .... 1,946,670

MINERAL PROPERTIES (Note 7) .... 793,536

FIXED ASSETS — at cost (Note 8) ....	60,607	
Less accumulated depreciation ....	3,603	57,004

### OTHER ASSETS:

Incorporation costs ....	8,410	
Recoverable drilling bond ....	10,000	18,410

TOTAL ....		<u>\$3,419,218</u>
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## LIABILITIES AND SHAREHOLDERS' EQUITY

### CURRENT LIABILITIES:

Bank overdraft ....	\$ 34,284	
Bank loan — demand — secured (Note 3) ....	75,000	
Accounts payable ....	159,679	\$ 268,963

AGREEMENT PAYABLE — Due 1974 .... 3,000

DUE TO SHAREHOLDERS .... 12,938

### SHAREHOLDERS' EQUITY:

#### Share capital:

##### Authorized:

7,000,000 common shares of no par value

1,200,000 6% exchangeable shares of no par value

##### Issued and fully paid (Notes 9 and 12):

4,807,290 common shares .... 1,760,279

933,227 6% exchangeable shares .... 1,399,841

3,160,120

Deficit ....	25,803	3,134,317
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TOTAL ....		<u>\$3,419,218</u>
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APPROVED BY THE BOARD  
P. R. KUTNEY",  
Director

"J. R. MORRIS",  
Director

The accompanying notes are an integral part of the financial statements.

## AUDITORS' REPORT

To the Shareholders of  
Coseka Resources Limited

We have examined the consolidated balance sheet of Coseka Resources Limited and subsidiary companies at at July 31, 1972, and the consolidated statements of income and deficit and source and application of funds for the period then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

We were unable to obtain a current title opinion on certain mineral properties in the State of Montana.

In our opinion, except for our inability to confirm the titles of the Montana properties, these consolidated financial statements present fairly the financial position of the companies as at July 31, 1972, and the results of their operations and the source and application of their funds for the period then ended, in accordance with generally accepted accounting principles consistently applied.

DELOITTE, HASKINS & SELLS  
Chartered Accountants

September 30, 1972

FOR THE PERIOD FROM DATE OF AMALGAMATION, JUNE 15, 1972, TO JULY 31, 1972

The accompanying notes are an integral part of the financial statements.

**COSEKA RESOURCES LIMITED  
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED STATEMENT OF SOURCES AND APPLICATION OF FUNDS**

FOR THE PERIOD FROM DATE OF AMALGAMATION, JUNE 15, 1972, TO JULY 31, 1972

**FUNDS PROVIDED:**

Net income for the period	....	....	....	....	....	....	....	....	....	\$13,990	
Add: Non-cash items											
Depletion	....	....	....	....	....	....	....	....	....	1,549	
Depreciation	....	....	....	....	....	....	....	....	....	472	\$ 16,011

**FUNDS APPLIED:**

Expenditures on petroleum and natural gas properties (including allocated administrative expenses of \$16,378)	....	....	....	....	....	....	....	....	....	65,751	
Expenditures on mineral property deferred exploration and development expenses (including allocated administrative expenses of \$6,033)	....	....	....	....	....	....	....	....	....	23,826	
Purchase of fixed assets	....	....	....	....	....	....	....	....	....	1,761	91,338

DECREASE IN WORKING CAPITAL	....	....	....	....	....	....	....	....	....		75,327
WORKING CAPITAL AS AT JUNE 15, 1972	....	....	....	....	....	....	....	....	....		325,998
WORKING CAPITAL AS AT JULY 31, 1972	....	....	....	....	....	....	....	....	....		\$250,671

The accompanying notes are an integral part of the financial statements.

**COSEKA RESOURCES LIMITED  
AND SUBSIDIARY COMPANIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JULY 31, 1972**

**1. AMALGAMATION:**

Coseka Resources Limited (Coseka) and Cariboo Gold Quartz Mining Company Limited (N.P.L.) (Cariboo) amalgamated under the continuing name of Coseka Resources Limited on June 15, 1972, pursuant to Section 178 of the Companies Act of the Province of British Columbia.

Under the terms of the amalgamation, shares of Coseka Resources Limited have been issued on the following basis:

- one common share of the amalgamated company for each common share outstanding of Coseka
- one common share of the amalgamated company for each 1.8 common shares outstanding of Cariboo
- one 6% exchangeable share of the amalgamated company for each 6% exchangeable share outstanding of Coseka

The issued share capital as at the date of the amalgamation is as follows:

Common Shares

								Original Shares	Amalgamated Shares	Proceeds
Coseka	....	....	....	....	....	....	....	<u>3,222,797</u>	3,222,797	\$1,407,425
Add contributed surplus as at June 14, 1972	....	....	....	....	....	....	....			4,645
										1,412,070
Deduct deficit as at June 14, 1972	....	....	....	....	....	....	....			483,843
									<u>3,222,797</u>	<u>928,227</u>
Cariboo	....	....	....	....	....	....	....	<u>2,760,809</u>	1,533,780	2,760,809
Deduct net discount on issuance of shares as at June 14, 1972	....	....	....	....	....	....	....			326,947
										2,433,862
Deduct deficit as at June 14, 1972	....	....	....	....	....	....	....			1,677,879
									<u>1,533,780</u>	<u>755,983</u>
Balance at as June 15, 1972	....	....	....	....	....	....	....		<u>4,756,577</u>	<u>\$1,684,210</u>

6% Exchangeable Shares

Coseka	....	....	....	....	....	....	....	<u>983,940</u>	<u>983,940</u>	<u>\$1,475,910</u>
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## 2. PRINCIPLES OF CONSOLIDATION:

### (a) Silgold Mines Inc.

The consolidated financial statements include the accounts of Silgold Mines Inc., (a U.S.A. corporation), a wholly-owned subsidiary. The operations of the subsidiary company have been included in the consolidated development and exploration expenses and consolidated statement of deficit from the date of acquisition, December 3, 1969.

The shares of Silgold Mines Inc. were acquired by the parent company on the acquisition of all the assets and liabilities of Silgold Mines Ltd. (N.P.L.), a wholly-owned subsidiary which has been liquidated. The excess of the consideration paid for the shares of the subsidiaries over the net book value of their assets at the date of acquisition of the shares was \$54,322. This excess has been allocated to mineral properties as follows:

Elkhorn Group claims	\$36,215
Tinta Group claims (abandoned and written off to deficit)	18,107
	<u>\$54,322</u>

The accounts of Silgold Mines Inc. have been converted to Canadian Funds on the following basis:

- current assets and liabilities at par
- other assets and liabilities at rates of exchange at the dates of the relevant transactions

### (b) Safari Oil and Gas Limited

The company has an 80% interest in Safari Oil and Gas Limited (incorporated in the Province of Alberta). The operations of the subsidiary have been included in the consolidated statements from the date of incorporation, November 1, 1971.

## 3. MARKETABLE SECURITIES:

As at July 31, 1972, the following marketable securities (which were acquired by predecessor corporations) were held.

	Cost	Market Value
39,500 shares of Ionarc Smelters Ltd.	\$ 65,651	\$ 75,050
4,000 shares of Pan Ocean Oil Corp.	39,031	55,000
15,000 shares of Henrietta Mines Ltd. (N.P.L.)	4,500	3,600
	<u>\$109,182</u>	<u>\$133,650</u>

12,000 of the Ionarc shares and the 4,000 Pan Ocean Oil shares were lodged as security with the Bank of Montreal on the company's loan.

## 4. LOAN RECEIVABLE:

A predecessor company loaned \$24,500 to Terra Mining & Exploration Limited (N.P.L.) with interest at 12% per annum. The loan is receivable January 12, 1973, and the company has the option until that time to convert the loan to fully paid-up shares of Terra Mining & Exploration Limited (N.P.L.) at the rate of \$3.50 per share (market value July 31, 1972 — \$3.15 per share).

## 5. OTHER INVESTMENTS:

### (a) Non-consolidated subsidiaries

The company is carrying its investment in three subsidiaries, The Wells Townsite Company Limited, Gold Quartz Hospital Limited, and French Mines Ltd. (N.P.L.) at a nominal value of \$1 each. These companies have not been included in the consolidation as they are inactive and had no profits or losses during the period.

### (b) The Mosquito Creek Gold Mining Co. Ltd. (N.P.L.)

The company has a 20% interest (200,000 shares) in The Mosquito Creek Gold Mining Co. Ltd. (N.P.L.) which was acquired in exchange for ten Crown-granted mineral claims at Wells, British Columbia. The investment has been recorded at a nominal value of \$1.

### (c) Noordzee Exploratie Maatschappij N.V.

The company has joined a group of companies in an application for oil and natural gas exploration licences in the Dutch Sector of the North Sea. The company has a 7½% interest in the group. A 25% interest in the group is held by Noordzee Exploratie Maatschappij N.V., the shares of which are held on a pro rata basis by the remaining members of the group. The company's 10% interest in this company was acquired for a cost of \$3,190. If the group is successful in its application it is the intention to offer all the shares of Noordzee Exploratie Maatschappij N.V. to the Dutch public.

### (d) Other Investments

The company holds the following investments (which were acquired by predecessor companies) for which there is no quoted value at the balance sheet date:

i) 127,500 common shares of Ultrabasic Minerals Ltd. (N.P.L.)	\$75,770
7,500 shares acquired for cash at 10¢ per share	
120,000 shares acquired in exchange for 4 placer mining leases at an ascribed value of \$75,020	
ii) 5,000 shares of Shephard Enterprises Ltd. for cash	5,000
	<u>\$80,770</u>

## 6. PETROLEUM AND NATURAL GAS PROPERTIES:

### (a) Full Cost Method

On amalgamation the company adopted the full cost method of accounting for petroleum and natural gas properties. Under this method all costs, including a portion of administrative expenses relating to the exploration for and development of oil and natural gas reserves, are capitalized. Depletion of such costs is provided for by the unit of production method based on the total estimated recoverable reserves.

Before amalgamation the costs of the one natural gas property in production were being depleted by the unit of production method based on the total estimated recoverable reserves of that property.

### (b) Commitments

#### i) Tilley-Bantry Area

The company is committed to contribute approximately \$300,000 towards the drilling of deliverability wells on the property. This commitment is to be met by the company's 10% interest in a \$3,000,000 advance payment which is to be paid pursuant to an agreement with the buyer of the first 20 million cubic feet of deliveries. The advance payment, which bears interest at 3¾% per annum, is to be repaid out of a percentage of production receipts over a five-year period. The payment had not been received as at the balance sheet date and subsequently the company was required to meet a \$150,000 cash call on this commitment.

#### ii) Quaich Structure Gas Property

The company has paid \$11,000 for an option to purchase the petroleum and natural gas leases on 6,844 acres in the Coleman Area of Alberta for \$7 per acre. The company is also required to make all lease rental payments as they come due until the expiry date of the option, September 30, 1972 (which subsequent to the balance sheet date was extended to October 31, 1972). These payments will be applied to the purchase price if the option is exercised.

The agreement provides for a vendor's 5% overriding royalty and commits the company to drill an exploration well within six months after the exercising of the option.

#### iii) Imperial Oil Joint Venture "A"

The company is a 20% participant in a group which has entered into a four-year Joint Venture Agreement with Imperial Oil Enterprises Ltd. to explore for gas and oil in Western Canada. Imperial will have exclusive control of the program which is anticipated to cost \$8,000,000. The group will provide 75% of the funds (the company's share being \$1,200,000) and will earn a percentage interest in the lands, and in production resulting therefrom, varying from 37½% to 47½%. To date, the company's share of costs has totalled approximately \$225,000.

#### iv) Imperial Oil Joint Venture "B"

Some of the participants of the Imperial Oil Joint Venture "A" group have verbally agreed with Imperial Oil Enterprises Ltd. to participate in the completion of drilling of a well in the Northwest Territories. The group (of which the company is a 20% participant) will earn 37½% of Imperial's interest in the property by paying the balance of Imperial's costs (estimated at \$600,000-\$1,000,000).

## 7. MINERAL PROPERTIES:

### (a) Values

The amounts shown for mineral properties and deferred exploration and development costs represent costs to date or costs less amounts written off to date and do not necessarily reflect present or future values.

### (b) Properties

The company follows the practice of capitalizing in its accounts all costs, including a portion of administrative expenses, relating to the exploration for and development of mineral properties. If a property is abandoned the aggregate of the costs related to it are charged to deficit at that time.

Details of the costs expended on properties held at the balance sheet date are as follows:

Mineral claims owned and held under option	.....	\$216,170
Ram River Coal Leases	.....	210,000
Deferred exploration and development costs — see schedule	.....	343,776
Joint Venture costs	.....	23,590
		<hr/>
		\$793,536

### (c) Commitments

#### i) Little Rockies Group

The company has an option to purchase certain mineral claims in the State of Montana for \$400,000 U.S., of which \$60,000 has been paid to date. The balance is payable as follows:

Option payments August 16, 1972, and August 16, 1973 — \$10,000 plus 10% of development costs expended on the property in excess of \$100,000

Balance due August 16, 1974

Paid to date (in Canadian Funds) \$62,735

#### ii) Mosquito Creek Property

The company has entered into an agreement to acquire a 5% working interest in certain mining claims owned by The Mosquito Creek Gold Mining Company Limited (N.P.L.) (in which the company has a 20% interest — Note 5(b)) in consideration of a \$25,000 contribution towards the cost of prospecting, exploration and development of the claims. \$12,500 has been paid to date and charged to deferred exploration and development costs. The balance was paid subsequent to the balance sheet date. The company has the option, exercisable by March 1, 1973, of acquiring a further 5% working interest by contributing an additional \$25,000.

(d) Phelps Dodge Joint Venture

On September 24, 1971, a predecessor company entered into a joint venture agreement with Phelps Dodge Corporation of Canada Limited and Northern Valley Mines Limited (N.P.L.). Under the terms of the agreement the Run Group of claims (both those owned by the company and those owned by Northern Valley) were transferred to Phelps Dodge. Phelps Dodge has made an initial payment of \$5,000 to the company and Northern Valley and, in order to maintain its interest, must:

- i) Make a further payment of \$10,000 by September 30, 1972. (Received)
- ii) Expend a total of \$765,000 by 1977 on development of the claims.
- iii) Pay delay rentals commencing September 1, 1977, until such time as the property is put into production.

Coseka has a 21.25% non-assessable interest in the joint venture and Northern Valley a 3.75% non-assessable interest. All benefits accruing to Coseka and Northern Valley will be shared by them in the same ratio as their respective interests.

The following costs have been charged to this investment:

Investment in claims	\$ 5,990	
Option payments made to Northern Valley	1,000	
Deferred exploration and development costs	20,850	\$27,840
85% of payment paid on execution of agreement		(4,250)
		<u>\$23,590</u>

The company's interest is subject to a 2% royalty on the net proceeds from this property (Note 12)

8. FIXED ASSETS:

The company records fixed assets at cost and depreciation by the declining balance method. Details of fixed assets as at July 31, 1972, are as follow:

Millsite and building (Elkhorn property — Montana)	\$10,000	
Automotive equipment	4,595	
Mining equipment	446	
Office furniture and fixtures	17,413	
Leasehold improvements	5,495	
Idle buildings and equipment (at estimated net realizable value)	22,658	\$60,607
		<u>3,603</u>
Accumulated depreciation		<u>\$57,004</u>

9. SHARE CAPITAL:

During the period 50,713 6% exchangeable shares were exchanged for common shares. Issued share capital as at July 31, 1972, was as follows:

	Shares	Amount
Common Shares		
Balance, June 15, 1972	4,756,577	\$1,684,210
Exchanged	50,713	76,069
Balance, July 31, 1972	<u>4,807,290</u>	<u>\$1,760,279</u>
6% Exchangeable Shares		
Balance, June 15, 1972	983,940	\$1,475,910
Exchanged	(50,713)	(76,069)
Balance, July 31, 1972	<u>933,227</u>	<u>\$1,399,841</u>

The 6% exchangeable shares provide for a 6% non-cumulative preferential dividend, priority of return of capital, are redeemable for the paid up amount thereon plus a portion of the retained earnings as determined by the Articles of the company and may be exchanged, prior to redemption, for a like number of common shares.

10. INCOME TAXES:

Income taxes otherwise payable have been eliminated by claiming depreciation for tax purposes in excess of the amount recorded in the accounts.

Up to the date of amalgamation the predecessor companies had recorded depreciation in their books in excess of that claimed for income tax purposes by approximately \$2,500,000, but the potential tax savings or the deferred income tax effect related thereto of approximately \$1,200,000 was not recorded. The amalgamated company will have the benefit of claiming such excess against future income of the company when earned.

Development expenditures charged against income in the predecessor companies but not claimed for income tax purposes will not be available for claim by the amalgamated company.

#### 11. EARNINGS PER SHARE:

Basic earnings per common shares are calculated on the basis of the daily weighted average number of shares outstanding during the period as follows:

Income before extraordinary item	0.16¢
Net income for the period	0.29¢

If it were assumed that all of the 6% exchangeable shares outstanding at June 15, 1972, have been converted to common shares at that time and the share allotment referred to in Note 12 below had been issued at that time, the fully diluted earnings per common share would have been:

Income before extraordinary item	0.13¢
Net income for the period	0.24¢

#### 12. ROYALTY AGREEMENT:

Pursuant to an agreement made by a predecessor company dated March 7, 1966, the vendors of certain mineral claims and placer mining leases (consideration for which was originally the equivalent of 307,500 common shares of Coseka) transferred approximately 50% of their shares for the benefit of the company. As consideration, the agreement provided for the vendors to receive from the company a royalty equal to 2% of the gross value of ore obtained from the property or from any other source mined or sold by the company.

On May 30, 1972, the agreement with the vendors was amended. The agreement provides for the vendors to receive from the company a royalty equal to 2% of the net proceeds obtained from the properties transferred by the company to the Phelps Dodge Joint Venture, and for the company to allot and issue to the vendors within three days of the company obtaining approval of the Vancouver Stock Exchange and the British Columbia Securities Commission 15,000 common shares as fully paid and non-assessable. If the approvals are not obtained by September 10, 1972, the vendors have the right to terminate this agreement.

#### 13. REMUNERATION TO DIRECTORS AND SENIOR OFFICERS:

Remuneration paid to senior officers of the company during the period totalled \$5,158. There were no directors fees paid.

#### 14. SUBSEQUENT EVENTS:

##### (a) North Coleman Gas Property

- i) Imperial Oil Enterprises Ltd. has agreed to sell its working interest (20.768%) in the field in return for a 5% gross overriding royalty on the total field. The company's pro rata share of this interest is 3.28% and will bring its total working interest in the field (subject to a pro rata share of the Imperial royalty) to 15.78%.
- ii) The company has also agreed to purchase Cadillac Explorations Ltd.'s 15.78% working interest in the property for a cash consideration of \$625,000.
- iii) The company has been appointed managing operator of the property.

##### (b) Hatton Area, Saskatchewan

The company has purchased a 30% working interest in the following from Camac Explorations Ltd. for a cash consideration of \$300,000:

- 8 sections of Milk River and Medicine Hat gas rights subject to a 2½% gross overriding royalty
- 20¼ sections of Milk River gas rights — 4¼ sections subject to 2½% gross overriding royalty
- 15 sections of Milk River gas rights subject to a 10% gross overriding royalty

The company subsequently purchased at a government land sale a 30% interest in 17¾ sections of Medicine Hat gas rights covering part of the above 43¼ sections at a price of \$9,286.

##### (c) Financing

The company is negotiating a \$2,000,000 line of credit with a major bank to finance property acquisitions and development.

**COSEKA RESOURCES LIMITED  
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION AND DEVELOPMENT COSTS  
MINERAL PROPERTIES**

FOR THE PERIOD FROM DATE OF AMALGAMATION  
JUNE 15, 1972, TO JULY 31, 1972

	Total to June 15, 1972	Current Exploration and Development Costs	Allocated Administrative Costs	Transferred to Deficit	Total to July 31, 1972
Atlin ....	\$ 14,813	\$ —	\$ —	\$ —	\$ 14,813
Hole ....	17,532	—	—	—	17,532
B. J. Group ....	6,606	—	—	(6,606)	—
Landusky (Montana) ....	115,204	4,094	1,387	—	120,685
Snow Claims ....	405	—	—	—	405
Ram River Coal Leases ....	16,190	18	6	—	16,214
Mosquito Creek ....	31	12,500	4,239	—	16,770
Elkhorn (Montana) ....	95,661	—	—	—	95,661
Wells ....	41,789	1,172	398	—	43,359
Middle Fork ....	454	—	—	—	454
Cache Creek ....	2,743	—	—	—	2,743
White Rocks ....	9,838	9	3	—	9,850
Ruttan Lake ....	5,290	—	—	—	5,290
	<u>\$326,556</u>	<u>\$17,793</u>	<u>\$6,033</u>	<u>(6,606)</u>	<u>\$343,776</u>



